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4 The Honorable BRIAN D. LYNCH
5 Hearing Date: August 23, 2023
6 Hearing Time: 9:00 a.m.
7 Response Date: August 16, 2023
8 Chapter 7 Proceeding
9 Tacoma, Washington

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14 **IN THE UNITED STATES BANKRUPTCY COURT**
15 **FOR THE WESTERN DISTRICT OF WASHINGTON AT TACOMA**

16 In Re:

17 MICHELLE SANTOS,
18 RAUL SANTOS,

19 Debtors,

20 Bankruptcy Case No.: 22-40341

21 MOTION TO APPROVE
22 COMPROMISE

23 COMES NOW, the Trustee, Mark D. Waldron, by and through his attorneys, Law
24 Offices of Mark D. Waldron, PLLC, and requests authority to compromise and settle the
25 pending adversary proceeding known as Waldron vs Chung Malhas & Mantel, PLLC, case
26 number 22-4019.

27 1. The Trustee, in the complaint, sought to avoid the transfer of property. The
28 defendants are a law firm, which had agreed to represent debtors in a legal matter. Debtors
29 signed a fee agreement, which included a provision for an automatic withdrawal of
30 payments from debtors.

31 2. The debtors made payments under the agreement to defendants totaling of
32 \$16,625.00 within 90 days of the date of the petition which represented payment towards
33 an antecedent attorney fee debt of \$75,000.00.



1 3. Defendants dispute the allegations in the Complaint. The parties have now
2 entered into negotiations and have agreed to fully settle and compromise the adversary
3 proceeding, subject to Bankruptcy Court approval on the following terms:

4 a. Chung Malhas & Mantel, PLLC (CMM) agrees to pay Trustee, on behalf of
5 the Estate, the total sum of FIVE THOUSAND DOLLARS (\$5,000) to
6 resolve the claims asserted in the adversary proceeding. However, CMM's
7 agreements herein shall not be construed as an admission of the claims
8 asserted in the adversary.

9 b. CMM shall tender the settlement payment to Trustee in two equal
10 payments of \$2,500 each, payable as follows:
11 i. CMM shall deliver the first payment to Trustee upon the latter of
12 either (1) thirty (30) days after execution of this Agreement, or (2)
13 five (5) days after court approval in the Bankruptcy Case.
14 ii. CMM shall deliver the second payment to Trustee no later than
15 thirty (30) days after delivery of the first payment.
16 c. All payments hereunder shall be tendered to the Trustee by either (i) wiring
17 transfer pursuant to instructions provided by Trustee or (ii) check mailed and
18 payable to Mark Waldron, Chapter 7 Trustee, 6824 19th Street W., PMB 250,
19 University Place, WA 98466.
20 d. Upon approval by the Bankruptcy Court of all terms of the Settlement
21 Agreement, the Trustee agrees to dismiss, with prejudice, the above-
22 referenced adversary proceeding.
23 e. The parties have executed a Settlement Agreement which is on file with the
24 clerk's office. This motion does not contain all the terms, however, all
25 representations made in this motion are consistent with the Settlement
26 Agreement. The Trustee believes that this compromise is in the best interest
of the estate and its creditors due to the risks and uncertainty of litigation,
and the costs as well. Therefore, the Trustee proposes that the Court
authorize a compromise and settlement of all terms as set forth above.

27 3. The 9th Circuit has identified the factors which should be considered by the Court
28 when reviewing compromise motions. Most importantly the Court must find that the
29 compromise is fair and equitable. Probability of success in litigation, difficulties in receiving
30 payment, complexity and the interest of creditors are those factors. The fact that this
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25 Law Offices of Mark D. Waldron
26 6825 19th St. W., PMB 250
University Place, WA 98466
Telephone: 253.565.5800
email: mark@mwaldronlaw.com

1 litigation has been pending for some time and that the debt is disputed and the defendant
2 claims the fees were earned contemporaneous with the payment, demonstrates these
3 factors. The Trustee believes that this resolution will be beneficial to creditors as stated
4 above. Therefore, in this case, all factors are met and support approval by the Court. *In*
5 *re: AC Properties, 784 F.2d 1377 (9th Circ. 1986).*

6 DATED this 24th day of July, 2023.

7 Law Offices of Mark D. Waldron, PLLC

8
9 /s/ Mark D. Waldron
10 MARK D. WALDRON (WSBA #9578)
11 Attorney for Trustee

12 **DECLARATION OF TRUSTEE**

13 The Trustee, Mark D. Waldron, hereby declares under penalty of perjury that this
14 declaration is made in support of the above motion. I hereby incorporate the
15 representations and information contained in the motion and it is true and accurate in all
16 respects to the best of my knowledge and belief.

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26 /s/ Mark D. Waldron
Mark D. Waldron, Chapter 7 Trustee

